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GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

EXECUTIVE DIRECTIVE

No. 2005 — 1

TO: Department Directors and Autonomous Agency Heads
FROM: Governor Jennifer M. Granholm
DATE: January 13, 2005
SUBJECT: **Implementation of Operational Efficiencies and Economies**

As you are well aware, the economic conditions facing the citizens and government of this state continue to cause serious and immediate fiscal difficulties for our state budget. The revenue estimating conference held today, as provided under the Management and Budget Act, established a forecast of state revenue for the current fiscal year and for Fiscal Year 2005-2006. The consensus forecast indicates that revenues for Fiscal Year 2004-2005 will fall below the appropriated budget by \$335 million.

On February 10, 2005, the State Budget Director will appear before the appropriating committees of the House of Representatives and the Senate. At that time, she will present an executive order and recommend other actions to bring expenditures for the current fiscal year in line with current revenue projections. Budget Director Lannoye will also outline estimated revenues and proposed expenditures for Fiscal Year 2005-2006.

Today, I am directing you to immediately send the State Budget Director plans to expedite the implementation of fiscal year 2006 budget reductions that have been previously identified through the budgeting for outcomes process so that these savings may be included in the upcoming Executive Order.

In addition, departments and autonomous agencies are directed to immediately consider all possible efficiencies and economies when making spending decisions. Departments and autonomous agencies were extremely successful in containing costs under Executive Directives 2004-7, 2004-8, and 2004-9. By

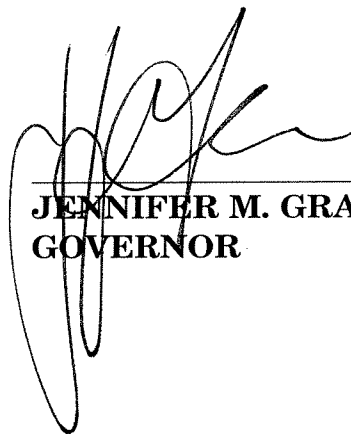
Executive Directive 2005-1

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redoubling these efforts, I am confident that we can achieve significant, immediate administrative savings. I thank you in advance for exercising fiscal discipline while maintaining responsibility to deliver services to the citizens of Michigan.

Actions taken under this Directive shall be reported to the State Budget Office in the format required by the State Budget Director.

As we continue to reshape the state's fiscal condition, I extend my sincere appreciation for your assistance and the continued hard work of state employees in this time of continuing fiscal constraints.



JENNIFER M. GRANHOLM
GOVERNOR